

Program and Budget Committee

**Twenty-Eighth Session
Geneva, September 10 to 14, 2018**

ANNUAL REPORT BY THE DIRECTOR OF THE INTERNAL OVERSIGHT DIVISION (IOD)

prepared by the Secretariat

1. In accordance with paragraph 44 of the Internal Oversight Charter (IOC), the Director, Internal Oversight Division (IOD), shall submit, on an annual basis, a summary report to the WIPO General Assembly, through the Program and Budget Committee (PBC). The report shall give an overview on the internal oversight activities conducted during the reporting period July 1, 2017 to June 30, 2018.

2. The following decision paragraph is proposed.

3. *The Program and Budget Committee (PBC) took note of the “Annual Report by the Director of the Internal Oversight Division (IOD)” (document WO/PBC/28/5).*

[Annual Report by Director, IOD follows]

ANNUAL REPORT BY THE DIRECTOR OF INTERNAL OVERSIGHT DIVISION

July 1, 2017 to June 30, 2018

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ANNEX

ANNEX I – List of IOD reports

LIST OF ACRONYMS

AIMS	Administrative and Information Management Systems
BI	Business Intelligence
CDIP	Committee on Development and Intellectual Property
CII	Conference of International Investigators
FIT	Funds-in-Trust
HRMD	Human Resources Management Department
IA	Internal Audit
IAOC	Independent Advisory Oversight Committee
IIA	Institute of Internal Auditors
IOC	Internal Oversight Charter
IOD	Internal Oversight Division
IP	Intellectual Property
IT	Information Technology
JIU	Joint Inspection Unit
MIR	Management Implication Report
ODG	Office of the Director General
PBC	Program and Budget Committee
PCT	Patent Cooperation Treaty
RBM	Results-Based Management
RBLAC	Regional Bureau for Latin America and the Caribbean
UN	United Nations
UNEG	United Nations Evaluation Group
UN RIAS	Representatives of Internal Audit Services
UN RIS	United Nations Representatives of Investigation Services
WIPO	World Intellectual Property Organization
WPR	WIPO Performance Report

BACKGROUND

1. The purpose of WIPO's Internal Oversight Division (IOD) is to provide independent and effective internal oversight for WIPO, in line with the provisions of the Internal Oversight Charter (IOC).
2. The IOC requires¹ the Director, IOD to submit, on an annual basis, a summary report to the WIPO General Assembly, through the Program and Budget Committee (PBC). The Annual Report shall give an overview of the internal oversight activities conducted during the reporting period, including the scope and objectives of such activities, the schedule of work undertaken and progress on the implementation of internal oversight recommendations.
3. In accordance with the IOC, a draft version of the Annual Report has been provided to the Director General and the Independent Advisory Oversight Committee (IAOC) for their comments; comments received have been taken into account in finalizing the report.

PLANNING PRINCIPLES

4. In developing its oversight work plan, IOD considered a number of factors including risk ratings, relevance, country impact, oversight cycle, and feedback received from WIPO Management, Member States, and available resources. Prior to its finalization, the draft Oversight Work Plan was also submitted to the IAOC, for its review and advice as per IOC paragraph 26(a).
5. In order to provide effective oversight coverage with the efficient use of limited resources, while avoiding potential overlaps, IOD also considered the work done by the External Auditor and other oversight bodies such as the Joint Inspection Unit (JIU) and evaluations commissioned by the Committee on Development and Intellectual Property (CDIP).
6. The 2018 Oversight Plan was issued to all Program Managers and shared with WIPO staff on WIPO's Intranet. The 2017 Oversight Plan was completed on time and within budget.

PROFESSIONAL STANDARDS

7. For its audit activities, IOD adheres to the International Professional Practices Framework promulgated by the Institute of Internal Auditors (IIA). Similarly, IOD's investigative work is conducted in line with the Uniform Principles and Guidelines for Investigations endorsed by the Conference of International Investigators (CII). For evaluation activities, IOD follows the International Standards in Evaluation Practice as set out by the United Nations Evaluation Group (UNEG).

SIGNIFICANT ISSUES AND HIGH PRIORITY OVERSIGHT RECOMMENDATIONS

8. This section contains information on key findings and recommendations, addressing high-priority risks, included in internal oversight reports: Audits, Evaluations and Management Implication Reports (MIRs), issued during the reporting period.

¹ Refer to IOC paragraphs 44 and 45.

9. The key findings and recommendations are related to the following reports issued during the reporting period²:

- (a) Audit of the Management of Third Party Events Organized/Hosted by WIPO;
- (b) Audit of Software Asset Management;
- (c) Audit of Recruitment;
- (d) Audit of the Language Division;
- (e) Audit of Travel Management;
- (f) Continuous Auditing Memorandum;
- (g) Evaluation of WIPO's Corporate Communications Activities and their Contributions to WIPO's Brand and Reputation;
- (h) Evaluation of the Regional Bureau for Latin America and the Caribbean;
- (i) Evaluation of Program 18: IP and Global Challenges;
- (j) Evaluation of Capacity Development of Intellectual Property Skills;
- (k) MIR on Traffic Rules in Parking Areas;
- (l) MIR on Access and Use of Parking Areas by Staff Members;
- (m) MIR on Procurement Requisitions; and
- (n) IOD Validation Report of the WIPO Performance Report (WPR) 2016/17.

10. IOD has continued its dialogue with Management to regularly review and update the status of implementation of open recommendations. All recommendations are addressed by Management through an action plan with suggested activities, responsible staff and a deadline for implementation. Oversight recommendations are managed in the TeamCentral³ system, accessible by IOD, WIPO Management and External Auditors.

AUDIT OF THE MANAGEMENT OF THIRD PARTY EVENTS ORGANIZED/HOSTED BY WIPO

11. The Audit found that an overarching policy on organizing/hosting for Third Parties at WIPO, built on existing policies, instructions, and internal memoranda, and supported by procedures and updated guidelines, would help provide direction, and set clear responsibilities and accountability for this activity.

12. Aligning human resource needs with roles and responsibilities, increased demand from Third Parties, and resource gaps identified by units involved in organizing and hosting events for Third Parties, would further support effective delivery. Also, establishing a method to compile data for reporting on personnel and non-personnel costs of organizing/hosting events for Third Parties would help assess sustainability and impact on WIPO resources.

² The list of reports features in Annex I.

³ TeamCentral[©] is a module of TeamMate, which is a specialized software for audit assignments and which includes various modules, such as electronic working papers, follow-up of recommendations, risk assessment and time scheduling.

13. While there is a policy on rentals of WIPO conference and meeting rooms, rental fees have been charged in only three instances, out of 10 rental events in 2016; thus generating additional costs from subsidizing events for Third Parties. Further, assessing costs, and setting fees for Third Parties events held in open spaces such as the Arpad Bogsch Building Lobby and the New Building Atrium, which represent 55 per cent of the spaces used for these events, would help further enhance visibility on costs incurred, as well as help assess sustainability of this activity.

14. Finally, possible integration in the PeopleSoft workflow of current manual processes would enhance the overall effective and efficient management of this activity, and systematically establishing contracts/agreements or a letter of exchange with Third Parties (including non-rentals) would better clarify expectations, roles and responsibilities, as well as protect the Organizations' assets and reputation.

15. IOD made four recommendations, which were due to be implemented by the end of January 2018; however these recommendations are still pending to date.

AUDIT OF SOFTWARE ASSET MANAGEMENT

16. The Audit found that an overarching policy on software assets, supported by updated procedures and guidelines, would help provide direction, and set clear responsibilities and accountability for managing software assets.

17. The policy would further assist in:

- (a) Clearly establishing a recognizable unit for managing software assets, with clear roles and responsibilities with regards to other Information Technology (IT) Units;
- (b) Identifying means to enhance license management, and adequately support and assist contract managers; and
- (c) Identifying tools, systems and processes to provide a single source for software asset inventory, and simplify recording software assets in WIPO's financial statements.

18. As part of its IT strategic objectives, WIPO has decided to move some of its platform, infrastructure and software services to the Cloud. While the Cloud initiative is still in its initial stages, the move to Cloud would require a robust governance structure and practices; including adapting the software asset management policy to correctly reflect Cloud management practices and related risks.

19. Finally, formalizing the software assets risk management process through the Organization's Enterprise Risk Management system would provide assurance that WIPO is aware and active in mitigating risks that could otherwise impact effective and efficient management of its software assets.

20. IOD made two recommendations, which are to be implemented by the end of 2018.

AUDIT OF RECRUITMENT

21. The Audit found that WIPO's recruitment policies, procedures and guidelines need to be enhanced to ensure consistency of decisions in the recruitment process and the recruitment lead time indicator should be documented and defined in an accurate, specific and measurable manner.

22. Furthermore, some policies and guidelines such as those for Members of Appointment Boards need to be revised and updated to reflect current processes, practices, and the deployment of the electronic recruitment system.

23. Establishing measures and controls such as: validating the grades of staff members nominated to serve on Appointment Boards for each competition; ensuring that an up-to-date job description is issued to a staff member together with the Letter of Appointment; and reviewing the Staff Regulations and Rules on Medical Examination to reflect current practices, would help ensure that Human Resources Management Department (HRMD) complies with recruitment regulations, rules and guidelines.
24. Whilst it was noted that efficiency gains have been achieved through the deployment of the Taleo System in April 2016, HRMD is not using the tool to its full capacity in managing the entire recruitment cycle. WIPO would benefit from optimizing the use of the data analytic functionalities of the system and automation of manual processes at the onboarding stage.
25. Finally, the results of the survey on the WIPO recruitment process and onboarding, carried out as part of this audit, supports some of the above observations on the need to improve on compliance with the recruitment regulations, procedures, guidelines and other appointment formalities.
26. IOD made five recommendations, with one to be implemented by end June 2018, and four to be implemented between September and December 2018.

AUDIT OF THE LANGUAGE DIVISION

27. The Audit found that in order to function efficiently and effectively, the Language Division needs to establish an operational policy to serve as a guiding principle, reinforced by effective guidelines, procedures and office instructions, to support its strategic objectives.
28. The Director General's decision to consolidate and centralize the support for terminology and translation technology in WIPO under the Patent Cooperation Treaty (PCT) Translation Division, which will establish a Section for that purpose, will require the establishment of a functional mandate for this Section, with clear roles and responsibilities, and adequate resources with the right skillsets, to effectively support the work of the stakeholders (Language Division, PCT Translation Division, and Brands and Designs).
29. Likewise, the decision of the Translation Coordination Group, chaired by the Director General, to establish a common platform for Terminology Databases that will be shared among PCT, Brands and Designs, and the Language Division, for publishing terminology on the WIPO website, would require effective cooperation and coordination between the stakeholders to ensure that respective terminology databases can be effectively integrated into a common customer facing platform.
30. The Terminology database of the Language Division is being finalized, and the Project Manager who is also a staff of the Spanish Section of the Language Division is retiring. Consequently, effective measures need to be taken to ensure the orderly transfer of knowledge and handover of the project.
31. IOD's review of Conference and Language Services⁴ in 2013 highlighted the need to develop an integrated conference management system including a module for managing interpretation services. This need is still current and, to date, this recommendation is still open. Finally, given the peaks in workload of the Interpretation Section and its current resource structure, performing periodic analyses of interpretation activities would help determine and budget flexible human resource needs to better support the Section and sustain the quality of interpretations at WIPO.

⁴ IA 2012-02

32. IOD made nine recommendations, three of which are planned for implementation by end December 2018, and six to be implemented by December 2019.

AUDIT OF TRAVEL MANAGEMENT

33. The audit found that late Event Requests submissions averaged 77 per cent during the biennium, and late Travel Authorizations averaged 33.5 per cent. Further, 88 per cent (1,666/1,898) of the late Travel Authorizations were attributable to 10 Programs, and 77 per cent (1,286/1,666) of the late Travel Authorizations for these 10 Programs were from non-staff travelers/third party travelers, against 23 per cent (380/1,286) for staff travelers.

34. These delays have been cited as a contributory factor to the Organization purchasing higher priced tickets. It would therefore be beneficial for WIPO to direct and exert more effort in formulating policies and procedures that ensure Program Managers are timely provided with Third party travelers' travel documentation and information, in order to timely process travel arrangements for these travelers.

35. WIPO would enhance efficiency and effectiveness of travel management, and ensure compliance with related travel policies by: (i) adopting good practices within the United Nations (UN) Common System which specify a time frame for newly recruited staff members to complete travel security training courses; (ii) taking stock of the number of staff members that have undertaken the mandatory Basic Security in the Field course and monitor progress towards all staff being trained; and (iii) ensuring that all staff members that undertake official travel comply with the requirement to complete the mandatory and appropriate security training.

36. Finally, the travel process would benefit from efficiency gains if the travel management system currently being developed to replace the E-Works system provides for security clearance procedures to run parallel with the process of purchasing tickets, and is linked to a database for managing travel security training certificates.

37. IOD made five recommendations, two of which will be implemented by end 2018, and three to be implemented during the course of 2019.

OTHER – IOD VALIDATION OF THE WIPO PERFORMANCE REPORT (WPR) 2016/17

38. IOD completed the validation of the 2016/17 WPR between April and May 2018.

39. The objectives of this validation were to:

- (a) Provide an independent verification of the reliability and authenticity of performance information contained in the 2016/17 WPR; and
- (b) Follow-up on the implementation status of recommendations of the previous Validation Report through documentary and other corroborative evidence.

40. The scope included an assessment of Performance Data for one randomly selected Performance Indicator from each Program as reported in the 2016/17 WPR. The validation also included general conclusions on the progress made towards improving the Results-Based Management (RBM) framework during the biennium under review. This was the fifth independent validation of the WPR conducted by IOD.

41. Overall this validation exercise reaffirmed continuous improvements in the Organization's RBM framework, with more Performance Data meeting the assessment criteria when compared to the previous exercise. More specifically, 81 per cent of Programs' Performance Data sufficiently met the validation criteria against 77 per cent during the previous exercise. Further, 84 per cent of Programs had accurately reported on their self-assessment of the Traffic Light Status, against 81 per cent in the previous validation exercise.

42. IOD encouraged Programs from normative areas to continue to work with the Program Performance and Budget Division to further enhance the quality and measurability of their indicators, and made two recommendations on: (i) the need to assess the effectiveness of tools and mechanisms to capture and measure data for three Performance Indicators, including enhancing cooperation and sharing of good practices among Programs where applicable; and (ii) increased cooperation and coordination between two Programs that needed to work together to collect and report on an indicator.

OTHER – CONTINUOUS AUDITING MEMORANDUM

43. IOD issued an internal memorandum summarizing the work done using data analytics as part of its regular continuous audit work, the results of which were shared with Management. This memorandum focused on internal controls in the areas of the Administrative Integrated Management System (AIMS) Financial and Procurement Management, Travel Management in the E-Work System, and Staff Information Management in AIMS HR.

44. IOD does not make formal recommendations based on the continuous auditing work it undertakes. However, if and when required, meetings are held with management representatives from the Administration and Management Sector and HRMD to discuss the observations and suggestions made by IOD.

OTHER – QUALITY SELF-ASSESSMENT OF THE INTERNAL AUDIT FUNCTION

45. In accordance with the Internal Audit Manual, Annex 1.4: Quality Assurance and Improvement Program, IOD conducted, in December 2017, a self-assessment of the Audit Function covering its activities for the years 2015-2016. The objectives of the periodic internal self-assessment were to evaluate the Audit Function's conformity with the IIA Standards and identify areas of improvement.

46. The self-assessment found that the Internal Audit Function "generally conforms" to the IIA International Standards for Professional Practice of Internal Auditing, the IIA Code of Ethics and Definition of Internal Auditing ("Standards"). There were 13 recommendations made following the self-assessment.

47. The results of this self-assessment were communicated to the IAOC and the Director General.

EVALUATION OF WIPO'S CORPORATE COMMUNICATIONS ACTIVITIES AND THEIR CONTRIBUTIONS TO WIPO'S BRAND AND REPUTATION

48. This evaluation strived to assess the contribution of WIPO's corporate communications functions and activities to the Strategic Realignment Program and Strategic Goal VIII as well as to analyze whether the governance system and operational structure facilitated achievement of Medium Term Strategic Plan outcomes.

49. The major results and recommendations of the evaluation show that media coverage about WIPO is 99.9 per cent positive or neutral. The Communication Division's budget for communication activities is within the range of related UN Agencies; WIPO's communications displayed a mostly proactive and gender sensitive approach.

50. Notwithstanding the positive findings, the evaluation recommended that the Office of the Director General should consider strengthening the Communications Division's strategic impact by refining its mandate and relocating the Communications Division directly under the Office of the Director General (ODG). The Communications Division should also develop a detailed Corporate Communications strategy with a result-based framework. Finally, the Communications Division should integrate additional key competencies and encourage each business unit to assign a communications focal point to liaise with a coordinator within the Communications Division.

51. Two out of three recommendations issued have been implemented. In response to the first recommendation of the evaluation report, the Communications Division has been relocated under ODG. Furthermore, the Program is finalizing a Corporate Communication Strategy (complying with recommendation 3) while the remaining recommendation is due December 2018.

EVALUATION OF THE REGIONAL BUREAU FOR LATIN AMERICA AND THE CARIBBEAN

52. The evaluation found that the majority of stakeholders and clients are highly satisfied with the services provided by the Bureau (levels of participation in activities and speed of response of the Bureau). Furthermore, 89 per cent of survey respondents consider that the answers from WIPO are useful to their needs.

53. The introduction of work plans with more inclusive planning processes has resulted in a positive perception among stakeholders about the services provided by WIPO. A large majority of clients and stakeholders expressed their satisfaction with the knowledge that the regional office had about the countries and the national counterparts, likewise, the vast majority was highly satisfied with the exchange experiences facilitated by WIPO in the region. Good intellectual property (IP) practices have been replicated in the region. Services and activities are considered relevant and bring added value to the countries it serves. The process of consultation between Member States and WIPO has improved in quality (structure) and quantity, especially since 2016.

54. Based on the findings and conclusions, the evaluation recommended that the Regional Bureau for Latin America and the Caribbean (RBLAC) should ensure that gender component is a factor in activities designed and implemented in coherence with WIPO corporate gender policy. Moreover, the RBLAC should institutionalize response capacity by establishing protocols and procedures for communication and response to demands/requests from the countries; the RBLAC should systematize existing work planning, results framework and monitoring system and establish a clear knowledge management strategy. Finally, it should establish basic criteria for budget and transfer good practices from other Funds-in-Trust (FIT) when reviewing, existing contractual conditions for FIT to ensure efficient utilization of resources.

55. The five recommendations for this evaluation are under different modalities of internal discussion and implementation processes that will be completed by December 2019.

EVALUATION OF PROGRAM 18: IP AND GLOBAL CHALLENGES

56. The major results of the evaluation found that Program 18 delivers a central, effective contribution to WIPO's strategic goal of addressing IP in relation to global policy issues. The Program has greatly increased WIPO's visibility and engagement within important IP-related policy debates, in turn helping to improve the quality and objectivity of those discussions. The Program's approach of using multi-sectoral partnerships as a means for understanding and addressing IP-related problems has been effective. The Trilateral Cooperation was frequently identified as Program 18's single most valuable contribution.

57. While the general assessment of the Program was positive, the evaluation identified aspects of the Program's work that could be strengthened. On one hand, the Program strategy that guides the ongoing development of all Program 18 activities should be supplemented with a five-year strategy for WIPO GREEN, with the process supported by an expert advisory group. Furthermore, WIPO should improve the deployment of resources to close the existing competency gap of Program 18's staff in WIPO GREEN to support the Program's climate change work, and consider strengthening the Trilateral Cooperation model with the World Health Organization and the World Trade Organization in deepening the collaborations with key multilateral, international and/or other UN Organizations. WIPO should also strengthen on-going collaboration support and monitoring of Program 18 triggered partnerships, to improve the potential for measuring and achieving long term impact.

58. The four recommendations for this evaluation are under implementation to be completed by December 2018.

EVALUATION OF CAPACITY DEVELOPMENT OF INTELLECTUAL PROPERTY SKILLS

59. The key results of the evaluation found that WIPO's capacity development activities contributed to the Organization's strategic objectives and to the development needs of Member States. Moreover, the majority of external stakeholders (Member States representatives and IP Organizations) surveyed during the evaluation confirmed WIPO's capacity development interventions had a positive impact across three levels of capacity development (policy/legal, institutional, and individual). The bulk of external stakeholders confirmed that WIPO's activities on capacity development have contributed in building a critical mass of beneficiaries with the right capacity in a sustainable manner.

60. The evaluation identified aspects of the Program's work that could be strengthened. Specifically, developing a Capacity Development Framework to design, implement, monitor, manage and assess capacity development in WIPO Programs and consolidate an IT architecture that brings together the present data bases and repositories on Capacity Development. Furthermore, the Development Sector should consider providing guidance on the elaboration and the adoption phases of National IP Strategies based on best practices, covering procedural and substantive matters. Finally, the eight Programs under review need to include gender aspects in their activities and develop gender-sensitive indicators to address gender perspectives in a sustainable manner, as recommended by WIPO's Policy on Gender Equality.

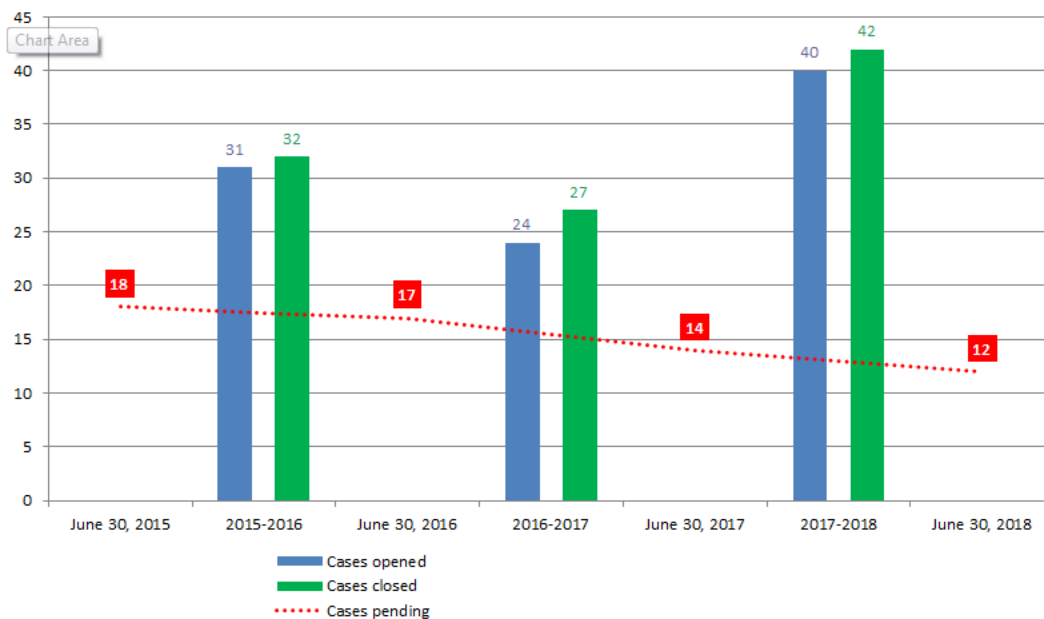
61. Recommendations for this evaluation are planned to be under implementation until June 2019.

INVESTIGATIVE ACTIVITIES

CASELOAD OVERVIEW

62. During the reporting period, 40 new cases were registered (which constitutes a 67 per cent increase over the previous reporting period) and 42 were closed. As of June 30, 2018, 12 cases are pending, including four at the preliminary evaluation stage, six at the full investigation stage and two on hold because of the prolonged absence of a concerned staff member, or pending action by another entity. Of the pending cases, five were opened in 2018, six in 2017 and one in 2016. As of July 1, 2017, the average length of time it takes for cases to be processed is 7.1 months.

Chart 1 – Comparative Analysis of Investigative caseload June 30, 2015 to June 30, 2018



63. Among the 40 cases opened during the reporting period, 12 were referred to the IAOC for its advice in accordance with relevant provisions of the IOC⁵.

OUTCOME OF INVESTIGATIVE ACTIVITIES

64. According to the IOC, the Annual Report shall include a description of those investigative cases found to be substantiated and their disposition. In five of the cases investigated, IOD found that the allegations were substantiated and recommended initiation of disciplinary proceedings against the staff member. Out of these five cases:

- (a) Two cases pertained to misrepresentation by staff members of time spent at work;
- (b) One case pertained to the abuse by a staff member of diplomatic privileges and immunity to elude personal financial obligations;
- (c) One case pertained to insubordination and inappropriate behavior by a staff member in the workplace; and
- (d) One case pertained to unauthorized outside professional activities by a staff member.

65. Following issuance of recommendations for initiation of disciplinary proceedings:

- (a) In one case, the staff member was dismissed from the Organization;
- (b) In one case, the staff member was demoted to a lower grade;
- (c) In one case, the Organization did not follow the recommendation to initiate disciplinary action; and
- (d) In two cases, a final decision by Management is still pending as of June 30, 2018.

⁵ IOC paragraphs 18, 19, 21, 22 and 23.

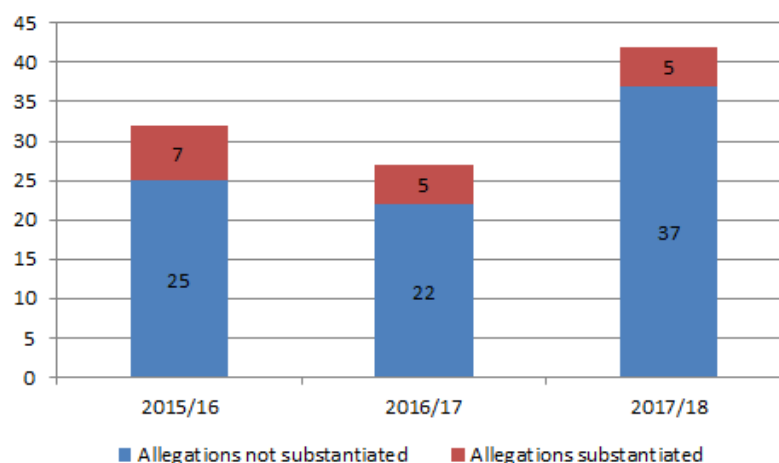
66. In addition, the investigative activities conducted during the reporting period allowed IOD to draw some lessons. In particular, three MIRs were issued providing management recommendations regarding: (i) enforcement of rules on of physical safety and security; (ii) procurement procedures; and (iii) establishment and enforcement of rules on traffic in WIPO parking areas.

67. A comparative analysis of cases registered for the period July 1, 2015 to June 30, 2018 is given in the table below:

Table 1 – Analysis of complaints received July 1, 2015 to June 30, 2018

	2015/16	2016/17	2017/18
Abuse of work time	3 (10%)	3 (13%)	5 (13%)
Unauthorized outside activities	1 (3%)	3 (13%)	3 (8%)
Insubordination and other inappropriate behavior	3 (10%)	5 (21%)	8 (20%)
Other failure to meet the standards of conduct for international civil servants	1 (3%)	2 (8%)	4 (10%)
Harassment (non-sexual), Discrimination	4 (13%)	2 (8%)	2 (5%)
Procurement irregularities	2 (6%)	1 (4%)	1 (3%)
Breach of confidentiality	4 (13%)	2 (8%)	2 (5%)
Wrongdoing by recruitment candidate	1 (3%)		
Conflict of interest	1 (3%)		1 (3%)
Misuse of WIPO funds or assets	1 (3%)		3 (8%)
Retaliation			3 (8%)
Sexual harassment	2 (6%)		1 (3%)
Recruitment irregularities	2 (6%)	1 (4%)	1 (3%)
Negligence at work, obstruction to WIPO operations	1 (3%)	2 (8%)	
Wrongdoing by vendor or other external party	1 (3%)	1 (4%)	
Unauthorized statements or pronouncements	2 (6%)		3 (8%)
Abuse of position or status	2 (6%)	2 (8%)	
Benefits and Entitlements Fraud or Abuse			3 (8%)
Total	31 (100%)	24 (100%)	40 (100%)

Chart 2 – Analysis of Cases Closed July 1, 2015 to June 30, 2018



INSTANCES WHERE INFORMATION OR ASSISTANCE WAS REFUSED

68. In accordance with paragraph 45(g) of the IOC, the Director, IOD should report on any instances where IOD's access to records, personnel and premises was restricted during the reporting period.

69. IOD reports that no staff member refused to provide information or assist in an ongoing oversight process during the reporting period.

STATUS OF IMPLEMENTATION OF OVERSIGHT RECOMMENDATIONS

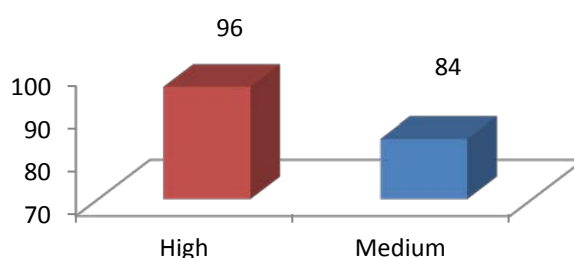
70. The Director General is responsible for ensuring that all recommendations made by the Director, IOD and other oversight entities are responded to promptly, indicating actions taken regarding specific report findings and recommendations⁶. The Director General discharges this responsibility through Program Managers responsible for specific operational areas within the Organization⁷. The implementation of all oversight recommendations by WIPO Program Managers is subject to regular follow-up by IOD⁸.

71. IOD continues to manage and report on recommendations using the TeamCentral© system, which enables interactive dialogue with Program Managers and their delegates for an effective follow-up of implementation of open recommendations.

72. IOD has concluded the first phase of its Business Intelligence (BI) Project, which consists of enabling the follow-up of recommendations in the organizational BI dashboards. Currently, recommendations data from the TeamCentral© system has been linked with the BI dashboards, and access has been granted to IOD staff members. The second phase of the project, which is expected to be completed by year end 2018, will consist of providing access to Management and other recommendations stakeholders, based on defined access rights. This would enable management to have a more enhanced and day-to-day view of the evolution of recommendations, as well as independently run reports on recommendations.

73. At the date of the present report, there are 180 open recommendations including 96 of high and 84 of medium priorities. IOD recommendations constitute 74 per cent of all open oversight recommendations.

Chart 3 – Recommendation by Priority (180)



74. The table below shows the movement of recommendations by source, between July 1, 2017 and June 30, 2018.

Table 2 – Movement of Recommendations between July 1, 2017 and June 30, 2018

Source	Open as at July 1, 2017	Added During the Year	Closed During	Open as at June 30, 2018
IOD	145	50	61	134
External Auditor	48	26	28	46
IAOC	0	1	1	0
Total	193	77	90	180

⁶ IOC paragraph 42.

⁷ OI 16/2010, paragraph 7.

⁸ OI 16/2010 paragraph 8.

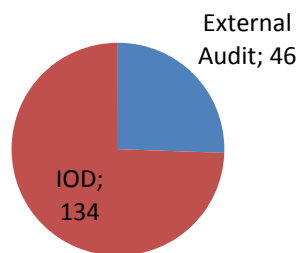
75. During this reporting period, there were two recommendations closed without implementation, as management accepted the related risks:

(a) WO/CC/74/7 - Amendments to Staff Regulations Proposed by the IAOC: Recommendation to consider an investigation as a prerequisite for instituting disciplinary proceedings.

(b) The Audit of Management of Staff Separation from Service (IA 2013-03) - Recommendation 5 on the need to automate the staff exit process. It was concluded that given the low rate of departure, the cost of implementation would outweigh the benefit. IOD agrees with this conclusion.

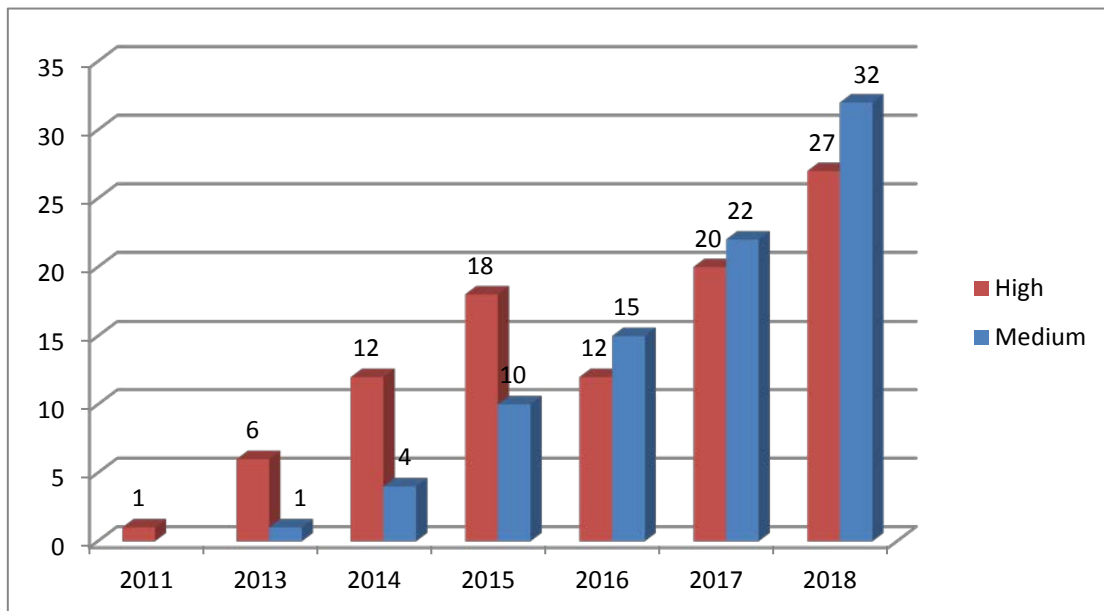
76. The Chart below shows the source of open recommendations as at June 30, 2018.

Chart 4 – Open Oversight Recommendations by Source (180)



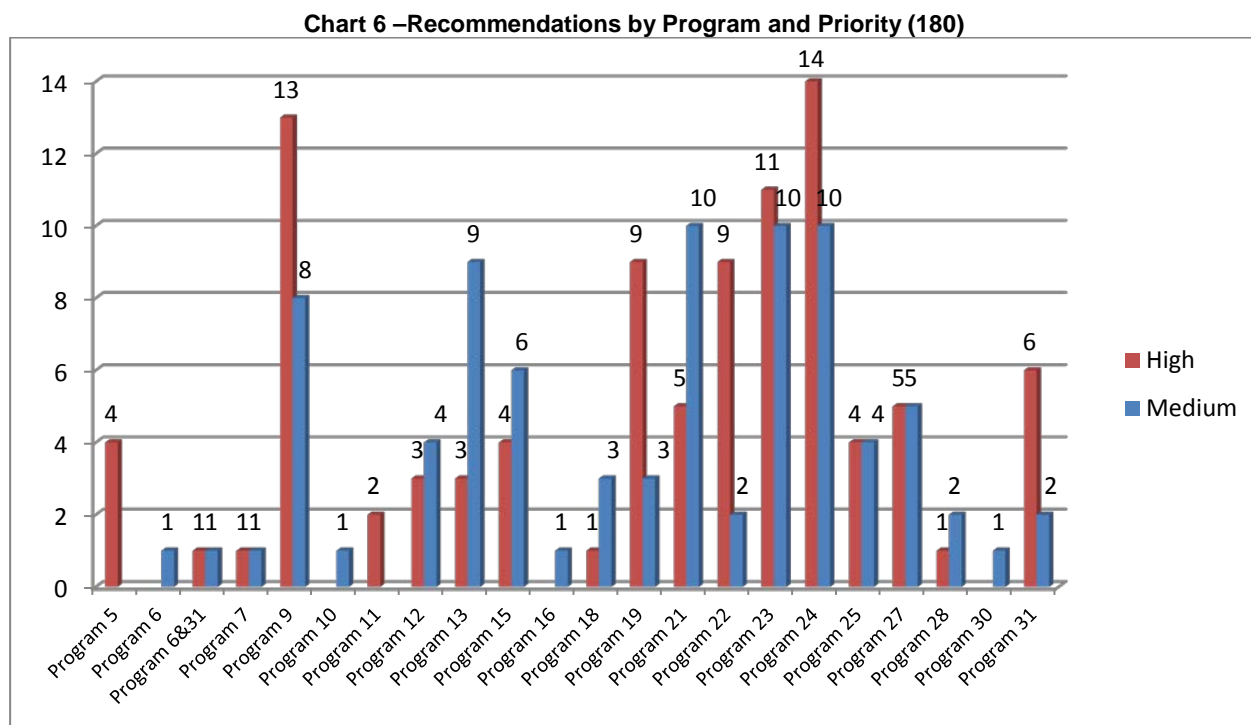
77. The table below summarizes the aging of open recommendations as at June 30, 2018.

Chart 5 – Aging of Open Oversight Recommendations by Priority (180)



78. One high priority recommendations has been open since 2011, and a total of 24 recommendations made between 2011 and 2014 are still pending to date.

79. As at June 30, 2018, the number of recommendation by WIPO Programs⁹ and by priority are as follows:



80. Five programs make up 58 per cent of the 96 high priority recommendations, and the highest numbers of high priority open recommendations are owned by General Support Services (Program 24), Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, and Least Developed Countries (Program 9), and Human Resources Management and Development (Program 23).

⁹ **Program 1** – Patent Law; **Program 2** – Trademarks, Industrial Designs and Geographical Indications; **Program 3** - Copyright and Related Rights; **Program 4** – Traditional Knowledge, Traditional Cultural Expressions and Genetic Resources; **Program 5** – The PCT system; **Program 6** – Madrid System; **Program 7** – WIPO Arbitration and Mediation Center; **Program 8** – Development Agenda Coordination; **Program 9** – Africa, Arab, Asia and the Pacific, Latin America and the Caribbean Countries, Least Developed Countries; **Program 10** – Transition and Developed Countries; **Program 11** – The WIPO Academy; **Program 12** – International Classifications and Standards; **Program 13** – Global Databases; **Program 14** – Services for Access to Information and Knowledge; **Program 15** – Business Solutions for IP Offices; **Program 16** – Economics and Statistics; **Program 17** – Building Respect for IP; **Program 18** – IP and Global Challenges; **Program 19** – Communications; **Program 20** – External Relations, Partnerships and External Offices; **Program 21** – Executive Management; **Program 22** – Program and Resource Management; **Program 23** – Human Resources Management and Development; **Program 24** – General Support Services; **Program 25** – Information and Communication Technology; **Program 26** – Internal Oversight Division; **Program 27** – Conference and Language Services; **Program 28** – Information Assurance, Safety and Security; **Program 30** – Small and Medium-Sized Enterprises (SMEs) and Entrepreneurship Support; **Program 31** – The Hague System; **Program 32** – The Lisbon System.

CONSULTATIVE AND ADVISORY OVERSIGHT WORK

81. In addition to its planned oversight work, IOD continued to provide professional advice on organizational policy and procedures, risk management and internal controls.

82. IOD has also participated, in conjunction with the Office of the Controller within the Department of Program Planning and Finance, in fraud risk prevention activities. In particular:

- (a) An online training on “Avoiding Fraud and Abuse in WIPO” has been developed and will be offered to WIPO staff in the second semester of 2018; and
- (b) A fraud risk assessment exercise has been initiated, for which a specialized consultancy firm has been engaged, and fieldwork activities are to be conducted during the second semester of 2018.

COOPERATION WITH EXTERNAL OVERSIGHT BODIES

THE INDEPENDENT ADVISORY OVERSIGHT COMMITTEE (IAOC)

83. IOD has regularly attended the sessions of the IAOC, reporting on the implementation of the internal oversight plan, discussing oversight results and other aspects concerning the work and functioning of the Division, and seeking the IAOC’s advice. In the period covered by this report the Forty-Fifth through Forty-Eighth Sessions of the IAOC took place.

THE EXTERNAL AUDITOR

84. IOD maintained good working relations with the External Auditor by having regular meetings on audit, internal control and risk management issues. The External Auditor and IOD shared strategies, annual plans and individual reports with a view to ensuring efficient oversight coverage while avoiding potential duplication and oversight fatigue.

85. IOD met with the incoming External Auditor from the United Kingdom National Audit Office in May 2018, and shared the Annual Work Plan, Internal Oversight Charter, Internal Audit (IA) strategy, and Memoranda on IA continuous auditing work, among others.

COOPERATION WITH THE OMBUDSPERSON AND THE ETHICS OFFICE

86. During the reporting period, the Director, IOD met regularly with the Ombudsperson and with the Chief Ethics Officer to ensure good coordination and complementary support.

OTHER OVERSIGHT WORK

OUTREACH ACTIVITIES IN THE ORGANIZATION

87. As part of its ongoing effort to better explain and advocate for the internal oversight function, IOD continued to reach out to colleagues within WIPO through presentations given to new staff in the induction training, the IOD Newsletter, the IOD Dashboard and presentations to Directors and Senior Managers as and when required.

SATISFACTION SURVEY

88. IOD continued to seek feedback from colleagues of audited/evaluated WIPO Units through client satisfaction surveys after each assignment. This aims to effectively receive and analyze feedback from colleagues on oversight work. The consolidated analysis of survey results indicates a satisfaction rate of 85 per cent.

89. The results of surveys conducted a year after assignments which are used to assess the impact of oversight work indicated an average satisfaction rate of 76 per cent. IOD will strive to further improve the impact of its oversight work based on the feedback received from colleagues.

90. The additional comments sent by the audited/evaluated units through the surveys helped IOD identify shortcomings and take corrective actions.

NETWORKING WITH OTHER OVERSIGHT FUNCTIONS

91. The IOC includes specific provisions¹⁰ on liaising and cooperating with the internal oversight services of other organizations of the UN system and of Multilateral Financial Institutions. IOD recognizes the value and importance of developing relationships with its peers. During the reporting period, IOD continued its active and useful collaboration and networking with other UN system Organizations and entities. In particular IOD actively participated in:

(a) The Annual Meeting of UN Representatives of Internal Audit Services (UN RIAS) of the UN, held between August 28 and 31, 2017 in The Hague, Netherlands;

(b) The Annual Meeting of UN Representatives of Investigative Services (UN RIS) took place in New York, United States of America, from October 10 to 13, 2017;

(c) The Annual meeting of Heads of Internal Audit in International Organizations in Europe, hosted by the European Commission in Brussels, Belgium, from April 18, 2018, to April 20, 2018; and

(d) WIPO attended the UNEG evaluation week, held between May 7 and 10, 2018, in Rome, Italy.

OPERATIONAL INDEPENDENCE OF IOD

92. The IOC requires¹¹ the Director, IOD to confirm his/her operational independence and to comment on the scope of its activities and the adequacy of resources allocated to the internal oversight function.

93. During the reporting period, no instance/activity occurred that could be considered as jeopardizing the operational independence of IOD. The scope of oversight activities has been decided by the IOD based on risk assessment, receiving comments and feedback from WIPO Management, IAOC and Member States as appropriate.

¹⁰ IOC paragraph 26 (g).

¹¹ The IOC paragraph 45 (i).

OVERSIGHT RESOURCES

BUDGET AND STAFF

94. To discharge its mandate, IOD has been provided with a biennial budget of 5.163 million Swiss francs, which represents 0.73 per cent¹² of WIPO's budget for the 2016/2017 biennium. Overall, the level of current human and financial resources has been adequate for IOD to effectively cover the high priority areas as identified in its work plans. Exchange of Oversight Plans and continuous coordination of oversight activities with the External Auditor as well as effective use of IT tools have also helped achieve more efficiency and effective coverage of risk areas.

Table 3 - 2016/2017 IOD Budget and expenditures¹³

	2016/17 Approved Budget	2016/17 Budget after Transfers	2016/17 Expenditure*	Utilization rate (%)
Personnel Resources	4,658	4,429	4,239	96%
Non-personnel Resources	700	734	543	74%
Total	5,358	5,163	4,781	93%

95. The recruitment of the Head of Evaluation Section was finalized, and the selected incumbent took up office on September 1, 2017.

96. The recruitment for Head of Internal Audit Section at P5 level is still on-going.

97. The selection of a Temporary Investigator at P3 level has been completed and the successful candidate joined IOD on April 1, 2018.

98. The recruitment for the position of Senior Investigator at P4 level is on-going.

99. The recruitment process for a temporary Evaluation Officer at P3 to replace the previous incumbent whose contract ended in May 2018 is in its initial stages.

TRAINING

100. As is essential for the continued professional development of its staff, and in accordance with WIPO training policy, IOD staff attended various training activities to acquire new knowledge, technical skills and other competencies to increase IOD's operational effectiveness and efficiency in undertaking oversight assignments.

101. On average, each IOD staff members attended 10 days of training including: fraud prevention and detection, investigative research techniques, data analytics, TableauTM visualization application, digital data capturing, cyber security, conflict management, evaluation of science and innovation policies, people management, internal audit quality assessment, auditing procurement, contracts and outsourcing.

[Annex follows]

¹² This percentage is based on the budget after transfer figure of IOD.

¹³ Figures in thousands of Swiss francs.

**List of IOD Reports
July 1, 2017 to June 30, 2018**

Audit of the Management of Third Party Events Organized/Hosted by WIPO;	IA 2017-02
Audit of Software Asset Management	IA 2017-03
Audit of Recruitment	IA 2017-04
Audit of Travel Management	IA 2018-01
Audit of the Language Division	IA 2018-02
Continuous Auditing Memorandum	CA 2017-02
Evaluation of WIPO's corporate communications activities and their contributions to WIPO's brand and reputation	EVAL 17-01
Evaluation of the Regional Bureau for Latin America and the Caribbean	EVAL 17-04
Evaluation Program 18: IP and Global Challenges	EVAL 17-03
Evaluation of Capacity Development of Intellectual Property Skills	EVAL 17-05
IOD Validation Report of the WIPO Performance Report (WPR) 2016/17	VALID 2018-01
MIR on traffic rules in parking areas	MIR 2017-11
MIR on access and use of parking areas by staff members	MIR 2018-01
MIR on Procurement Requisitions	MIR 2017-35

[End of Annex and of document]